appropriate portion of power generated in their respective States at a variable cost;

(b) if so, the details of the demands put forth by the States, State-wise; and

(c) Government's reaction thereto?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) and (b) The State Governments of Chhattisgarh, Jharkhand and Orissa in a joint memorandum to the Government of India have requested for an allocation of an appropriate portion of power generated to the host State at variable cost along with a formula-bound incentive.

(c) The demand has major tariff implications which impact almost all States of the Union. To evolve a general consensus, this issue will need deliberation with various stake holders.

Joint ventures by public sector power undertakings

666. DR. M.A.M. RAMASWAMY: Will the Minister of POWER be pleased to state:

(a) whether the Central Public Sector Undertakings under its administrative control are subjected to Cabinet's and Public Private Partnership Appraisal Committee approval resulting in delay informing joint ventures and execution of power projects; and

(b) if so, the steps taken by the Ministry to cut short this procedure?

THE MINISTER OF POWER (SHRI SUSHILKUMAR SHINDE): (a) As per the latest instruction dated 31.01.2007 received from the Ministry of Finance, all projects of Public Sector Undertakings (PSUs) in Joint Venture (JV) mode need to be processed by Public-Private Partnership Appraisal Committee (PPPAC) except those which fulfill the following conditions:

(i) The JV is not sponsored by public sector entity. The asset sought to be created is for dedicated use and not a public asset.

(ii) There is no BoT arrangement. The JV owns and manages the assets in perpetuity, subject to the exit option available for a company which wants to cease to do business.

(iii) The Public Sector Entity/Government has no liabilities on account of the JV except the commercial risks associated with its equity contribution into the company.

(iv) the entire demand risk and other risks associated with the project are borne by the JV.

(v) There is no obligation/provision for a buy-out or termination payments to be made by the public sector entity or Government under any circumstances whatsoever.

(vi) The management of the JV is separate from the Public Sector Undertaking's functioning and is managed independently by the JV Board.

(vii) There is no protection for change in law, *i.e.* the Public Sector Entity or Governmenfdoes not cover political risks.

(viii) There is no contingent liability for Government or Public Sector Entity under any event of default or under any circumstances whatsoever.

(ix) All liabilities rest with the JV Company.

(x) The Public Sector entity is not liable for any debt repayments or any other payments under any circumstances whatsoever.

As seen from the above, where it is a question of a purely commercial transaction with the Public Sector Undertaking investment in equity (which is less than 50% of the total equity of the JV so formed) with its risks being limited to its equity investment, with no other liabilities as listed above, there would be no need to go to the PPPAC. In all other cases, the PPPAC procedure will apply fully. These instructions have only recently been circulated and so far no delay has been reported on this account.

(b) Does not arise.

Allocation of funds to Andhra Pradesh under RGGVY

667. SHRIMATI N.P. DURGA: Will the Minister of POWER be pleased to state:

(a) the funds allocated to 17 districts in Andhra Pradesh which have been covered under the Rajiv Gandhi Grameen Vidyutikaran Yojana;

(b) the funds sought by the Government of Andhra Pradesh through its Detailed Progress Reports (DPRs);

(c) whether it is a fact that Rs. 28 crores has been sanctioned for Krishna district under RGGVY; and